

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 23 February 2018.**

PRESENT:

Leicestershire County Council

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| Mr. P. C. Osborne CC (Chairman) | Mr. J. Kaufman CC |
| Mr. L. Breckon JP CC | Mrs. R. Page CC |
| Mr. Max Hunt CC | |

Leicester City Council

Cllr Dr Lynn Moore (Leicester City Council)

Staff Representatives

| | |
|--------------|-------------|
| Mr. N. Booth | Ms. J. Dean |
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Independent Advisers and Managers

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|-----------------|--------------------------------|
| Mr. S. Jamieson | Independent Investment Advisor |
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101. Minutes of the previous meeting.

The minutes of the meeting held on 19 January 2018 were taken as read, confirmed and signed.

102. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

103. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

104. Urgent Items.

There were no urgent items for consideration.

105. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting. No declarations were made.

106. Mr. Colin. Pratt

The Chairman reported that Colin Pratt, Investments Manager, would be leaving the Authority shortly and on behalf of the Local Pension Committee he thanked Colin for all his work for the County Council and the Leicestershire Pension Fund. He wished him all the best in his new role.

107. Pension Benefits for Co-Habiting Partners - Brewster Ruling.

The Director of Corporate Resources presented a report concerning a recent ruling by the Supreme Court regarding access to a deceased co-habiting partners Northern Ireland Local Government Pension Scheme (LGPS) pension and the subsequent implications for the administration of the Leicestershire Pension Fund. A copy of the report is filed with these minutes, marked '6'.

The Director reported that the claimant Ms Brewster, had originally been denied access to her co – habiting partner's Northern Ireland LGPS Pension due to the absence of a completed nomination form. The court had ruled that Ms Brewster had been wrongfully discriminated against and a completed nomination form was not required.

In response to questions from members, the Director reported that following the ruling, the Leicestershire Pension Fund had settled one outstanding claim. He added that whilst there could be future instances where payment would be made which may have been previously denied, such instances would be rare and would not have a significant impact on the Fund. The Pensions Section would continue to encourage Fund members to complete a nomination form for administration purposes.

RESOLVED:

That the report be noted.

108. Summary Valuation of Pension Fund Investments and Performance of Individual Managers.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present a summary valuation of the Fund's investments at 31 December 2017. A copy of the report is filed with these minutes, marked '7'.

The Director reported that the Fund was performing well with the majority of investments producing returns which were in line with expectation.

RESOLVED:

That the report be noted.

109. Funding Update as at 31 December 2017.

The Committee considered a report by Hymans Robertson which presented the funding projection at 31 December 2017. A copy of the report, marked '8', is filed with these minutes.

The Director of Corporate Resources reported that whilst the Fund's overall asset portfolio continued to perform above the benchmark and the Fund was currently valued at

over \$6billion, the Fund's liabilities remained high with an estimated current deficit of £946m.

RESOLVED:

That the funding position of the Leicestershire Pension Fund as at 31 December 2017 be noted.

110. Risk Management and Internal Controls.

The Director of Corporate Resources presented a report concerning risk management and internal controls of the Pension Fund. A copy of the report is filed with these minutes, marked '9'.

The Director reported that no additional risks had been identified since the Committee last considered the risk register in November 2017.

RESOLVED:

That the report be noted.

111. Market Update

The Committee considered two reports concerning global market conditions. A copy of the reports, produced by the Fund's Independent Investment Advisor and Kames Capital are filed with these minutes, marked 10.

The Committee noted that the US financial market's strong position at the end of 2017 was expected to be maintained throughout 2018. The Eurozone was also enjoying similar growth of 4% and overall the world economy looked well placed to deliver positive performance during the next financial year.

RESOLVED:

That the update be noted.

112. Formation of LGPS Central update.

The Committee considered a presentation of the Non-Executive Chair and Executive Director of LGPS Central LTD which provided a progress update on the formation of the investment pool which would become operational from the 1 April 2018. A copy of the presentation is filed with these minutes.

Arising from the presentation and subsequent discussion, the following points were noted:-

- i) Whilst it was inevitable that there remained risks concerning the transition of 9 pension funds into the one central pool, LGPS Central LTD was confident that it had mitigated much of the risk by recruiting experienced officers, working closely with their asset servicer Northern Trust and learning from the establishment of other regional asset pools abroad;

- ii) Under the new pooling arrangements, the 9 partner funds would enjoy a client focused approach in which LGPS Central would work closely with funds in order to provide the types of investments they required;
- iii) LGPS Central would be based on a robust governance structure to ensure the company's practices and performance were transparent and open to scrutiny by its shareholders (the partner funds);
- iv) The pool had developed a Responsible Investment Policy, based on the West Midlands Pension Fund's approach, and this had been submitted to the Department for Communities and Local Government for approval. The policy was very similar to the one adopted by the Leicestershire Pension Fund in late 2017;
- v) A new dashboard was being developed which would enable partner funds to compare investment costs pre/post pooling. The Local Pension Committee would receive regular reports produced by LGPS Central on this matter.

RESOLVED:

That the report be noted.

113. Exclusion of the press and public

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

114. Kames Capital Quarterly Report

The Committee considered an exempt report by Kames Capital, a copy of which marked '14' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

115. Aspect Capital Quarterly Report

The Committee considered an exempt report by Aspect Capital, a copy of which marked '15' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

116. Kleinwort Quarterly Report

The Committee considered an exempt report by Kleinwort Benson, a copy of which marked '16' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

117. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, a copy of which marked '17' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972

RESOLVED:

That the report be noted.

118. Pictet Quarterly Report

The Committee considered an exempt report by Pictet, a copy of which marked '18' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

119. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium, a copy of which marked '19' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

120. IFM Investors Quarterly Report

The Committee considered an exempt report by Kames Capital, a copy of which marked '20' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

121. Delaware Investments Quarterly Report

The Committee considered an exempt report by Delaware Investments, a copy of which marked '21' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

122. Legal and General Investment Manager Quarterly Report

The Committee considered an exempt report by Legal and General Investment Manager, a copy of which marked '22' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

123. Ashmore Quarterly Report

The Committee considered an exempt report by Ashmore, a copy of which marked '23' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

124. Kempen Capital Management Quarterly Report

The Committee considered an exempt report by Kames Capital, a copy of which marked '24' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

125. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, a copy of which marked '25' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

126. Aviva Investments Quarterly Report

The Committee considered an exempt report by Aviva Investors, a copy of which marked '26' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

127. JP Morgan Quarterly Reports

The Committee considered an exempt report by JP Morgan, a copy of which marked '27' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

128. KKR Quarterly Report

The Committee considered an exempt report by KKR, a copy of which marked '28' is filed with these minutes. The report was not for publication by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

CHAIRMAN

23 February 2018